

HARBORD FINANCIAL SERVICES LIMITED ACN: 097 282 525

20 Albert Street Harbord NSW 2096. Phone (02) 9939 6744

Harbord



Community Bank Branch **Bendigo Bank**

2003

Annual

Financial Report

FORM 529
CORPORATIONS ACT

Regulation 5.6.12(2)

HARBORD FINANCIAL SERVICES LIMITED
A.B.N. 25 097 282 525

NOTICE OF ANNUAL GENERAL MEETING

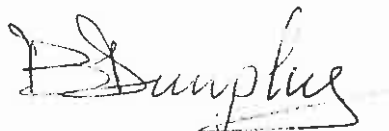
Notice is hereby given that the Annual General Meeting of Harbord Financial Services Ltd will be held on Tuesday, 11 November 2003 at the Freshwater Surf Club, Kooloora Ave, Harbord at 7.00pm

Business:

1. To receive, consider and adopt the financial statements of the Company for the year ended 30 June 2003 together with the reports of the directors and auditors thereon.
2. To elect three shareholders to the Board of Directors.
3. To transact any business that may be lawfully brought forward.

DATED this 7th day of October 2003

BY ORDER OF THE BOARD



Brian P Dunphy
Company Secretary

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company, but should be a natural person over the age of 18 years. Proxy forms must be lodged at the registered office of the company at 20 Albert St, Harbord not less than 48 hours before the meeting.

FORM 532
CORPORATIONS ACT

Regulation 5.6.29

HARBORD FINANCIAL SERVICES LIMITED
A.B.N. 25 097 282 525

APPOINTMENT OF PROXY

I/We*,
of being a member/members* of Harbord
Financial Services Ltd hereby appointof
..... or in his/her* absence
..... of or in
his/her* absence, the Chairperson of the meeting, as my/our* general/special* proxy to vote on
my/our* behalf at the Annual General Meeting of the Company to be held on the 11th day of
November 2003 or at any adjournment of that meeting, to consider the following resolutions:

*"That the annual accounts for the year ended 30 June 2003, as presented by the Board of
Directors, are hereby adopted."* FOR / AGAINST / ABSTAIN*

*"That Trevor Leslie Sargeant having resigned by rotation offers himself for re-election to the
Board of Directors"* FOR / AGAINST / ABSTAIN*

*"That Brian Patrick Dunphy having resigned by rotation offers himself for re-election to the Board
of Directors"* FOR / AGAINST / ABSTAIN*

*"That Ian Charles Joynson having resigned by rotation offers himself for re-election to the Board
of Directors"* FOR / AGAINST / ABSTAIN*

Signed this day of2003

Signature of Shareholder

* *Strike out where appropriate - unless otherwise instructed the proxy may vote as he/she
deems fit or abstain from voting.*

CERTIFICATE OF WITNESS

Note: *This certificate is to be completed only where the person giving the proxy is blind or
incapable of writing. The signature of the member must not to be witnessed by the
person nominated as proxy.*

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and
at the request of the person appointing the proxy and read to him / her before he / she attached
his / her signature or mark to the instrument.

DATED the day of2003

Signature of Witness

Description

Place of Residence

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

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For Year Ending 30th June 2003

The Harbord Community Bank has now been servicing our local needs for sixteen months. Very positive growth areas are now emerging, with the financial figures in June, July and August of this year indicating a faster track to profitability than was thought possible six months ago.

We at present have 2,100 accounts with total business of over \$20,000,000. Our average of 2,300 transactions per month is well up on last year and we are still gaining 100 new accounts each month in our second year. The ATM has been a real winner for us with over 8,200 transactions per month, the highest in NSW. All indications are for a bright and prosperous future for our bank and to be returning a profit by June 2004.

At Harbord Community Bank we are blessed with great staff. Under the guidance of Ken Ward our manager, Steven Foster, supervisor, Angela Moore, Molly Talbot and Becci Croft our C.S.O's we have a happy, professional and enthusiastic team, so necessary for the success of our Community Bank. Thank you all!

Ken Ward brought 30 years of banking experience with him to Harbord. The Community Bank Board and customers alike, have benefited dramatically from Ken's willingness to share his knowledge with us!

Your Community Bank Board comprises of nine local business people who give their time on an honorary basis for our Bank and we all appreciate their great efforts. Where would a chairman be without a secretary and treasurer like Brian Dunphy and Gary Chadwick, who give that bit extra that helps me so much.

A successful initiative has been the Business Development Committee. Lisa Bousfield, Ian Joynson, Gary Chadwick, Ken Ward and Becci Croft meet on a regular basis and are, for example, responsible for our Wealth Creation Seminars, which have been such a great success. Thank you all for a wonderful effort.

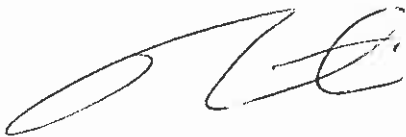
Yes we were undercapitalized and have now created an overdraft facility. We anticipate our maximum figure will be approximately \$140,000 by June 2004. It does at first seem disappointing but I can reassure you that most of the other 100 Community Banks have also used an overdraft facility and are now trading profitably after 2-3 years. As we all know, the Harbord Community Bank is for the long term and with growth in business in the months June, July and August 2003 our future is assured.

Ian Joynson, Brian Dunphy and myself as the longest serving Board members will stand down at the A.G.M. and all three will seek re-election at this meeting.

The positives that dominate this year are the establishment of a Harbord Community Banking team that encompasses a well trained, energetic and enthusiastic staff, a motivated and focused Board of Directors and a direct and productive relationship with David McAuley and Robert Musgrove at Bendigo Bank.

Finally, shareholders always remember the Harbord Community Bank is YOUR BANK, continue to support it with your business and referrals and our future is assured.

On behalf of myself and the Board of the Harbord Community Bank, I thank you for the privilege of serving you.



Trevor Sargeant

Chairman

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2003. The names of the directors in office at any time during or since the end of the year are:

Trevor Leslie Sargeant

Appointed director on 24 September 2001. Trevor is a dentist and is the Chairman of the Board. By rotation, Trevor is to retire as a director at the AGM and offers himself for re-election.

Brian Patrick Dunphy

Appointed director on 26 June 2001. Brian is a registered liquidator and is the Company Secretary. By rotation, Brian is to retire as a director at the AGM and offers himself for re-election.

Ian Charles Joynson

Appointed director on 26 June 2001. Ian is a newsagent. By rotation, Ian is to retire as a director at the AGM and offers himself for re-election.

Martin Edwin Brook

Appointed director on 24 September 2001. Martin is a pharmacist.

Howard Lipman

Appointed director on 24 September 2001. Howard is a pharmacist.

Howard Wong-See

Appointed director on 24 September 2001. Howard is a doctor.

Lisa Bousfield

Appointed 29 October 2002. Lisa is a personnel consultant.

Garry Chadwick

Appointed 29 October 2002. Garry is an accountant and the Company's Treasurer.

Andrew Speers

Appointed a director on 29 October 2002. Andrew is an environmental consultant. Andrew has been granted leave of absence for twelve months whilst he fulfills the terms of an employment contract requiring him to be based in London.

Domenic Gerace

Appointed director on 24 September 2001. He resigned on 29 October 2002.

Phillip Murray

Appointed director on 24 September 2001. He resigned on 29 October 2002.

The number of directors' meetings attended by each of the current directors of the company during the year were:

Number of Meetings Held:		12
	Held	Attended
Trevor Leslie Sargeant	12	12
Brian Patrick Dunphy	12	12
Ian Charles Joynson	12	10
Martin Edwin Brook	12	12
Howard Lipman	12	8
Howard Wong-See	12	12
Lisa Bousfield	7	5
Garry Chadwick	7	6
Andrew Speers	5	4
Domenic Gerace	3	1
Phillip Murray	3	0

Brian Dunphy, as a director of Freshwater Management Pty Ltd, provided bookkeeping services to the company up until May 2003. No other directors have material interests in contracts or proposed contracts with the company.

Principle Activities

The principle activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Ltd.

Results

The net loss of the company for the financial year was \$257,715.

Dividends

The directors recommend that no dividend be paid for the current year.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Matters Subsequent to the End of Financial Year

In the opinion of the directors there were no matters of significance subsequent to the end of financial year.

Likely Developments

The company will continue its policy of providing banking services to the community.

Director's Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company with a director, a firm which a director is a member, or an entity in which a director has a substantial financial interest, other than Brian Dunphy who received professional fees for providing bookkeeping services through his company, Freshwater Management Pty Ltd up until May 2003.

Directors' and Auditor's Indemnification

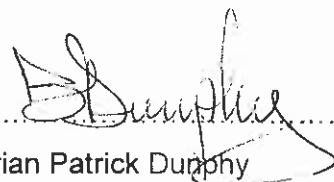
The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or a related body corporate) that may arise from their position as a director or manager of the company except where the liability arises out of conduct involving the lack of good faith. The premium paid in respect to this policy is \$5,500.

Signed in accordance with a resolution of the Board of Directors.

Chairman


.....
Trevor Leslie Sargeant

Company Secretary


.....
Brian Patrick Durnphy

Dated this 7th day of October 2003

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2003

	Note	\$	\$
Revenues from Ordinary Activities	2	160,274	3,508
Employee Benefits Expense		(202,072)	(52,244)
Depreciation/Amortisation Expense	3	(33,046)	-
Borrowing Costs Expense	3	(15)	(44)
Other Expenses from Ordinary Activities		<u>(182,856)</u>	<u>(63,952)</u>
Profit from Ordinary Activities Before Income Tax Expense	3	(257,715)	(112,732)
Income Tax Expense Relating to Ordinary Activities		<u>-</u>	<u>-</u>
Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company	10	<u>(257,715)</u>	<u>(112,732)</u>
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		<u>(257,715)</u>	<u>(112,732)</u>

The accompanying notes form part of the financial statements

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	\$	\$
CURRENT ASSETS			
Cash	4	10,855	435,906
Other	6	<u>2,858</u>	<u>22,278</u>
TOTAL CURRENT ASSETS		<u>13,713</u>	<u>458,184</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	26,238	1,767
Intangible Assets	7	<u>311,243</u>	<u>129,892</u>
TOTAL NON-CURRENT ASSETS		<u>337,481</u>	<u>131,659</u>
TOTAL ASSETS		<u>351,194</u>	<u>589,843</u>
CURRENT LIABILITIES			
Payables	8	22,464	11,517
Provisions	9	<u>8,328</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>30,792</u>	<u>11,517</u>
TOTAL LIABILITIES		<u>30,792</u>	<u>11,517</u>
NET ASSETS		<u>320,402</u>	<u>578,326</u>
EQUITY			
Issued Capital	9	691,058	691,058
Accumulated Losses	10	<u>(370,656)</u>	<u>(112,732)</u>
TOTAL EQUITY		<u>320,402</u>	<u>578,326</u>

These statements are to be read in conjunction with
the attached compilation report

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2003**

CASH FLOWS FROM OPERATING ACTIVITIES	\$	\$
Receipts from Customers		
Commissions	17,644	1,557
Fees Received	136,082	-
Interest received	715	1,951
Market Development Fund	<u>5,833</u>	<u>-</u>
	160,274	3,508
Payments to suppliers and employees	(399,961)	(104,679)
Borrowing costs paid	(15)	(44)
Payments of GST yet to be paid/(refunded)	<u>20,473</u>	<u>(22,278)</u>
Net cash provided by (used in) operating activities	(219,229)	(123,493)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds		
Less Prov'n for Amortisation & Depreciation	33,046	-
Payment for property, plant & equipment	(26,571)	(1,767)
Payment for leasehold improvements	<u>(212,297)</u>	<u>(129,892)</u>
Net cash provided by (used in) investing activities	(205,822)	(131,659)
Net increase / (decrease) in cash held	(425,051)	255,152
Cash at beginning of year	435,906	NIL
Cash at end of year	10,855	435,906

These statements are to be read in conjunction with
the attached compilation report

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2003**

Note 1 – Statement of Accounting Policies

These financial statements are a special purpose financial report prepared in order to satisfy the accounts preparation requirements of the Corporations Act.

The statements have been prepared in accordance with the requirements of the Corporations Act and the following applicable Accounting Standards and other mandatory professional reporting requirements. These specific accounting policies are consistent with the previous period unless otherwise stated:

- AASB 1002 Events Occurring After Balance Date
- AASB 1008 Accounting for Leases
- AASB 1018 Profit and Loss Accounts
- AASB 1019 Measurement and Presentation of Inventories in the Context of the Historical Cost System
- AASB 1020 Accounting for Income Tax (Tax Effect Accounting)
- AASB 1021 Depreciation of Non-Current Assets
- AASB 1025 Application of the Reporting Entity Concept and Other Amendments
- AASB 1031 Materiality
- AASB 1034 Information to be Disclosed in Financial Reports

No other applicable Accounting Standards or other mandatory professional reporting requirements have been applied.

The statements have been prepared on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

These statements are to be read in conjunction with
the attached compilation report

Note 2 – Revenue

Operating Activities		
Interest	\$ 715	\$ 1,950
Rendering of Service	136,082	1,520
Other	<u>23,477</u>	<u>38</u>
Total Revenue	<u>160,274</u>	<u>3,508</u>
Interest from		
Other Persons	<u>715</u>	<u>1,950</u>

Note 3 – Profit From Ordinary Activities

Profit from ordinary activities before income tax expense has been determined after:

Expenses

Borrowing Costs

Other Persons	<u>15</u>	<u>45</u>
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Note 4 – Cash

Cash at Bank	10,655	435,706
Cash on Hand	<u>200</u>	<u>200</u>
	<u>10,855</u>	<u>435,906</u>

Note 5 – Property Plant & Equipment

Furniture and Fittings - at cost	28,337	1,766
Less Prov'n for Depreciation	<u>(2,099)</u>	<u>-</u>
	<u>26,238</u>	<u>1,766</u>

Note 6 – Other Assets

Current

GST on Acquisitions	<u>2,858</u>	<u>22,278</u>
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Note 7 – Intangible Assets

Set Up Costs	292,191	79,892
Less Written Off	<u>(20,948)</u>	<u>-</u>
Franchise Fee	50,000	50,000
Less Written Off	<u>(10,000)</u>	<u>-</u>
	<u>311,243</u>	<u>129,892</u>

These statements are to be read in conjunction with the attached compilation report

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 15;
 - a) comply with Accounting Standards as detailed in Note 1 to the financial statements and the Corporations Act 2001, and
 - b) present fairly the company's financial position as at 30 June 2003 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Chairman


.....
Trevor Leslie Sargeant

Company Secretary


.....
Brian Patrick Dunphy

Dated this 7th day of October 2003

SCOPE

I have audited the financial report of Harbord Financial Services Limited, being the Statements of Financial Position, Financial Performance and Cashflows and the Notes to the Financial Statements. The Company's directors are responsible for the financial report. I have conducted an independent audit of this financial report in order to express an opinion on them to the members of the Company.

In preparing my report I have considered and relied upon the independent Audit Report to the Company by Mulqueen Griffin Rogers Pty Ltd, Certified Practising Accountants, Bendigo in respect to the Profit Share Statement of the Harbord Community Bank Branch as prepared by the Board of management of the Bendigo Bank.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material aspects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional requirements so as to present a view which is consistent with my understanding of the Company's financial position and performance as represented by the results of their operations and their cashflows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion the financial report of Harbord Financial Services Limited is in accordance with:

- (a) the Corporations Act, including;
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2003 and of the Company's performance for the year ended on that date and
 - (ii) complying with Accounting Standards and the Corporations Act Regulations and
- (b) other mandatory professional reporting requirements.



RAYMOND J PATMORE F.C.A.
HARBORD
29th September 2003

HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 June 2003

INCOME	\$	\$
Commissions	17,644	38
Fees Received	80,151	347
Gross Fees	55,931	1,172
Interest Received	715	1,951
Market Development Fund	<u>5,833</u>	-
TOTAL INCOME	160,274	<u>3,508</u>
EXPENSES		
Accountancy	1,185	-
Advertising & Promotion	3,496	4,009
Amortisation – Intangibles	10,000	-
- Others	22,693	-
ATM Expenses	14,376	-
Auditors Remuneration - Fees	1,400	-
Bank Charges & Interest	861	331
Cleaning	4,944	-
Computer Maintenance	4,351	3,600
Depreciation	354	-
Electricity	5,497	-
Freight & Cartage	6,348	28
Insurance	6,511	7,817
Leasing Charges	26,255	-
Legal Costs	2,141	1,325
Motor Vehicle Expenses	1,250	753
Office Expenses	2,648	209
Postage	2,156	215
Printing & Stationery	7,783	2,410
Rates	2,986	-
Rent	61,350	40,953
Repairs & Maintenance	2,041	-
Salaries	185,010	20,084
Secretarial & Filing Fees	3,063	-
Security	7,816	-
Staff Amenities	2,443	499
Staff Training	-	30,000
Superannuation	14,619	1,661
Telephone	6,403	1,593
Temporary Staff	2,506	-
Travelling Expenses	<u>5,503</u>	<u>962</u>
TOTAL EXPENSES	<u>417,989</u>	<u>116,449</u>
OPERATING LOSS	<u>257,715</u>	<u>112,941</u>